

Message Text

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PAGE 01 BONN 21122 211753Z

ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 INT-05 DODE-00

PM-05 H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 GSA-02

IGA-02 /105 W

-----117253 211841Z /47

P R 211740Z DEC 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 4203

INFO AMEMBASSY GABORONE

AMCONSUL JOHANNESBURG

AMEMBASSY LUSAKA

LIMITED OFFICIAL USE BONN 21122

E.O. 11652: N/A

TAGS: ECON, EMIN, BC, GW

SUBJ: THREAT TO CLOSE SELEBI-PIKWE COPPER-NICKEL PLANT
IN BOTSWANA

REF: (A) STATE 300329, (B) GABORONE 3100

1. IN ACCORDANCE WITH INSTRUCTIONS CONTAINED REF A, EMBOFF CONTACTED KREDITANSTALT FUER WIEDERAUFBAU (KFW) AND REQUESTED STATUS OF KFW POSITION ON CONTINUED FUNDING FOR SELEBI-PIKWE PLANT. KFW POSITION IS FIRMLY IN FAVOR OF CONTINUED FUNDING AND THEY ARE HOPEFUL THAT FINANCIAL RESTRUCTURING OF THE PROJECT CAN BE COMPLETED AT FEBRUARY MEETING OF THE BOARD OF BCL (BAMANGWATO CONCESSIONS LIMITED).

2. KFW POINTED OUT THAT, IN VIEW OF THEIR HEAVY INVESTMENT IN THE PROJECT (DM 200 MILLION), AS WELL AS THEIR CONNECTIONS WITH FRG AID PROGRAMS, THEY ARE

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PREPARED TO ACCEPT ALL THE CONCESSIONS THAT THE WORLD BANK AND THE BOTSWANA GOVERNMENT ARE PREPARED TO ACCEPT WITH REGARDS TO POLLUTION PROBLEM OF THE PLANT. HOWEVER, NEW LOAN GUARANTEES MUST BE DRAWN UP, BECAUSE THE ORIGINAL INVESTMENT GUARANTEE CALLED FOR THE COMPLETION OF A SULPHUR PLANT TO OFFSET POLLUTION PROBLEMS. THESE NEW GUARANTEES WOULD CALL FOR A

PARTIAL REPAYMENT OF THE ORIGINAL LOAN IN THE AMOUNT OF DM 50 MILLION TO OFFSET THE NON-CONSTRUCTION OF THE SULPHUR PLANT. (KFW IS OF THE OPINION THAT THE CHASE MANHATTAN LOAN OF \$25 MILLION WOULD BE USED TO REPAY THE KFW LOAN.)

3. KFW WAS VERY POSITIVE IN ITS OUTLOOK FOR THE PLANT AND SAID THAT "LIKE ALL GOOD BANKERS, THEY WOULD HOPE FOR A RETURN ON THEIR INVESTMENT", BUT THIS "HOPE" WOULD BE KEPT IN LINE BY THE FRG DEVELOPMENT AID POLICY AT ALL TIMES. THEY FLATLY DENIED "CONDITION OF A GUARANTEE FROM ITS PARTNERS OF GETTING BACK 100 PERCENT OF ITS INVESTMENT IN THE EVENT OF PLANT CLOSURE", AS REPORTED REFTTEL B. STOESEL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 21-Dec-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
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